



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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November 7, 2011

TO: Philip L. Browning, Interim Director
Department of Children and Family Services

FROM: Wendy L. Watanabe *Wendy L Watanabe*
Auditor-Controller *by Schneiderman*

SUBJECT: **DEPARTMENT OF CHILDREN AND FAMILY SERVICES – REVIEW OF
EMERGENCY ASSISTANCE PAYMENTS (MANUAL WARRANTS)**

Based on issues noted by Auditor-Controller staff with uncashed emergency assistance payment warrants (EAP), we have reviewed the Department of Children and Family Services' (DCFS or Department) controls over EAP payments. EAP payments are issued for emergency clothing for DCFS children, and for emergency travel for parents and caregivers. Our review was intended to ensure DCFS had adequate controls over EAPs, and that the Department's procedures comply with County and Departmental fiscal requirements.

Our review of a sample of EAP payments indicated that the payments appeared to be appropriate. However, we noted that DCFS needs to improve its controls over the EAP issuance process. The following are the detailed results of our review.

Background

When a DCFS Children Social Worker (CSW) determines that a child needs emergency clothing, or a parent/caregiver needs funds for emergency travel, the CSW will prepare an Emergency Aid Requisition (EAR) explaining the reason for the payment. Once the EAR is approved by a Supervising CSW and a Regional/Assistant Regional Administrator (RA or ARA), a Check Issuance Clerk (CIC) will prepare the warrant, either through the County's eCAPS payment system, or using manual carbon-copy EAP checks that DCFS has on hand. EAP warrants are limited to \$299 per occurrence. In Fiscal Year (FY) 2009-10, DCFS issued approximately 5,614 EAP warrants, totaling \$725,000.

If an EAP is made through eCAPS, the CIC will enter the payment information into the System. eCAPS will then transmit the payment to an authorized approver in the System. When the payment has been approved in eCAPS, the CIC prints the check. The payment information, including the CIC's and approver's employee numbers, are recorded in eCAPS.

CICs will issue a manual, carbon-copy EAP check if they cannot access eCAPS. DCFS issued 170 manual EAP checks, totaling \$25,000, or about 3% of the total EAP payments. CICs manually type the checks and forward them to the approvers for signature. Because manual checks are prepared outside eCAPS, and are not subject to eCAPS controls, they are more susceptible to misuse, and should only be used when CICs cannot access eCAPS. As noted, manual EAP checks were only used for approximately 3% of the payments in FY 2009-10, which indicates DCFS is properly minimizing the use of manual checks.

Each DCFS regional office has manual logs to track EAP checks. The same logs are used for both eCAPS and carbon-copy checks at each office: a log of check stock; and a check issuance log to record checks issued, including the employee name, the payee, case name, amount, EAR number, etc. CICs are responsible for completing the logs.

Scope of Review

We interviewed staff at DCFS' Belvedere, Santa Fe Springs, and Lancaster regional offices to assess controls over EAPs, and reviewed reconciliations of EAP checks issued to checks requested/approved. We also reviewed a sample of EAPs to determine if the payments were adequately supported, properly approved, and if required documents (e.g., receipts, EAR with payee's signature, etc.) were submitted timely.

Internal Controls

The County Fiscal Manual (CFM) requires that no one person should control multiple key aspects of the check issuance process, and that cash, negotiable instruments, and other assets be properly safeguarded. We noted several instances where district offices did not have adequate controls. For example:

- Staff who are back-up approvers for the EAP process also control both the eCAPS and carbon-copy check stock. This could allow a back-up approver to take, prepare, and sign a carbon-copy check. In addition, we noted that CICs, who have access to the check stock and EARs, also update the check stock log.
- No one independent of the EAP approval process conducts an inventory of the unused and used checks, and the EARs to ensure all checks are accounted for.

- Someone independent of the check issuance process does not review/reconcile the logs and the approved EARs daily to ensure that the checks were used for approved EARs, as required by DCFS' procedures. Although CICs do reconcile the check issuance log to EARs, CICs are not independent of the check issuance process, and they do not perform their reconciliations daily. In addition, the CICs do not reconcile the check stock log to the EARs, and supervisors do not review/sign the reconciliations.
- Regional offices need to improve the security over safes, check stock, and logs. At one regional office, we noted that the combination to the safe, where the check stock and check stock log are kept, was not changed after an employee who knew the combination had left County service. CFM Section 1.1.4 requires departments to change safe combinations when an individual who has the combination leaves County service, when a security breach occurs, etc.

In addition, CFM Section 4.6.9 requires departments to maintain an up-to-date list of authorized check signers. However, the regional offices we visited did not maintain a list of authorized check signers.

Recommendations

DCFS management:

1. **Require someone independent of the EAP process to maintain/issue the check stock and EARs, reconcile the check stock and check issuance logs to the EARs daily, and periodically inventory the check stock.**
2. **Ensure supervisors review and approve the daily reconciliations of the check stock and check issuance logs to the EARs.**
3. **Ensure safe combinations are changed immediately when an employee who knows the combination leaves County service, a security breach occurs, etc.**
4. **Ensure regional offices maintain an up-to-date list of authorized check signers approved by management.**

Use of EAPs and Allowance Calculations

DCFS Procedural Guide 0900-527.10 indicates EAPs should only be issued for emergency clothing and transportation. However, 14 (54%) of the 26 transportation EAPs we reviewed were issued to individuals who continued to receive transportation EAPs on an ongoing basis for several months. This indicates that the payments were

not for emergencies. Ongoing assistance payments should be issued through the regular eCAPS payment process.

In addition, we noted that DCFS does not have policies/procedures for calculating transportation assistance payments. As a result, staff use inconsistent methods to calculate the payments. For example, one regional office used the County mileage reimbursement rate of 46.5 cents per mile (at the time of our review), while another office used the American Automobile Association's rate of 54.1 cents per mile. Staff also did not document how they calculated the transportation allowance. For example, we noted a transportation assistance payment of \$52, but we could not determine how the amount was calculated (e.g., number of bus tokens, mileage, etc.).

Recommendations

DCFS management:

- 5. Ensure EAPs are only used for emergency clothing and transportation, and that all ongoing payments are issued through the regular eCAPS payment process.**
- 6. Establish a consistent mileage reimbursement rate, and ensure transportation assistance payments are supported by detailed calculations.**

Payment Documentation

We noted that the check issuance logs were incomplete at two of the three offices reviewed. For example, at one regional office, the log did not have all check numbers recorded, and did not have signatures of some check recipients (i.e., clients or CSW), acknowledging receipt of the payments. We also noted that the check issuance logs are not standardized. At one office, the log included the EAR number, case name, payee, ARA approval, amount, etc., while the log at another office included additional information, such as CSW's name, reason for issuance, check pick-up date, individual picking up the check, etc. To ensure all required information is consistently recorded, the Department should standardize the EAP check issuance logs.

CICs are also required to record EAPs in the Child Welfare System/Case Management System (CWS/CMS). This ensures that all payment information is in a central location, accessible to all caseworkers, to prevent duplicate payments. Although we did not find any duplicate payments, we noted that 26 (60%) of the 43 assistance payments reviewed were not recorded in CWS/CMS. In addition, two of the three CICs we interviewed indicated that they do not review CWS/CMS before processing EAPs to prevent duplicate payments.

DCFS policy requires staff to complete specific forms (e.g., DCFS 63 - Service-Funded Activity Transportation Request and Receipt; DCFS 2282 – Clothing Allowance Authorization, etc.) to justify and document EAPs. For clothing assistance payments, caregivers are required to submit copies of purchase receipts within 30 days. The required documents are supposed to be filed in the client's payment/benefit file. We noted that the Department does not comply with these procedures. Specifically:

- Sixteen (37%) of the 43 EAPs reviewed were missing the required forms. In addition, six (22%) of the 27 EAPs that had the required form were missing the approver's signature.
- Eleven (79%) of the 14 clothing assistance payments were missing receipts. In addition, DCFS staff could not locate three (18%) of the 17 clothing assistance payments files we requested.

Recommendations

DCFS management:

7. **Ensure staff record all required information in the check issuance logs.**
8. **Standardize the check issuance log.**
9. **Require CICs to record all EAP payments in CWS/CMS, and review this information before processing EAP payment requests to prevent duplicate payments.**
10. **Ensure required forms (e.g., DCFS 63, DCFS 2282, etc.) are completed, approved, and filed in the client payment/benefit files.**
11. **Ensure CSWs obtain copies of receipts for all clothing assistance payments.**
12. **Investigate the missing client benefit/payment files, and determine if the clothing assistance payments were appropriate.**

Document Submission Timeframes

DCFS policy requires CSWs to return completed EARs with the payee's signature, acknowledging that they received the check, and the check stub, which indicates payee name, issue date, amount, warrant number, etc., to the CICs within one business day of issuing the check. However, all the CICs we interviewed stated that the CSWs routinely submit the required items three or more business days after the checks are issued. If

returning the required documents within one business day is not feasible, DCFS should consider revising the policy to allow additional time.

Recommendation

- 13. DCFS management ensure the CSWs return completed EARs and check stubs to the CICs within one business day of issuing the checks, or consider revising the policy to allow additional time.**

Review of Report

We discussed the results of our review with DCFS management. DCFS management agrees with our findings and recommendations, and indicates in their attached response that they will work to improve controls in the affected areas.

We thank DCFS management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Robert Campbell at (213) 253-0101.

WLW:JLS:RGC:TK

Attachment

c: Audit Committee



**County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

425 Shatto Place, Los Angeles, California 90020
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JACKIE CONTRERAS, Ph.D.
Acting Director

July 18, 2011

To: Wendy L. Watanabe
Auditor-Controller

From: Jackie Contreras, Ph.D.
Acting Director

Board of Supervisors
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**RESPONSE TO THE EMERGENCY ASSISTANCE PAYMENTS (MANUAL WARRANTS)
REVIEW**

Thank you for the opportunity to respond to the draft report of the Auditor-Controller's review of the Department of Children and Family Services' (DCFS) manual warrant issuance process for emergency assistance payments to caregivers and parents. As was indicated in our memorandum dated June 8, 2011, we are providing, herewith, the detailed response/report regarding our continuing progress implementing the strategies designed to address the findings and recommendations of the Manual Warrants Review.

Internal controls and administrative monitoring have been strengthened as the Department continues to implement the appropriate corrective actions. The audit recommendations have been incorporated into our manual warrant processing policies, and the revised policies are currently undergoing a departmental review process before receiving final approval. In addition, follow-up actions have been planned to ensure compliance Department-wide once the revised policies become effective. We agree with the recommendations contained in the report and completely concur that it is the Department's responsibility to ensure that County resources are safeguarded and sufficient internal controls are in place.

If you have any questions, please let me know, or your staff may contact Cynthia McCoy-Miller, Administrative Deputy III, Bureau of Finance and Administration, at (213) 351-5847.

JC:CMM:cmm

Attachment (1)

c: Cynthia McCoy-Miller, Administrative Deputy III

AUDIT RESPONSE
DEPARTMENT OF CHILDREN AND FAMILY SERVICES (DCFS)
EMERGENCY ASSISTANCE PAYMENTS (EAP) (MANUAL WARRANTS) REVIEW

RECOMMENDATION 1: Require someone independent of the Emergency Aid Payments (EAP) issuance process to maintain/issue the check stock and Emergency Aid Requisitions (EARs), reconcile the check stock and check issuance logs to EARs daily, and periodically inventory the check stock.

Response: We agree with this recommendation.

Status: In Progress

The Department revised Procedural Guide C300-201, eCAPS Field Office Warrant and Field Office Check Issuance Procedures to include the requirement that someone independent of the EAP issuance process maintain/issue the check stock and EARs, reconcile the check stock and check issuance logs to EARs daily, document reconciliations, and periodically inventory the check stock. All Regional Offices will be instructed, via memorandum, to review and disseminate the revised policy to all staff involved in the EAR payment process and to comply with all revisions.

Action Plan:

- On June 24, 2011, an assignment was generated instructing DCFS regional operations to identify an employee independent of the EAP issuance process to maintain/issue the check stock and EARs, reconcile the check stock and check issuance logs to EARs daily, document reconciliations, and periodically inventory the check stock.
- On June 30, 2011, Internal Controls Section staff completed the policy revisions. By July 15, 2011, the revised Procedural Guide C300-201 will be submitted to the Policy Section for review and approval by the Policy Review Committee. The policy will then be submitted to the Executive Team for final approval. Upon approval, the revised Procedural Guide will be released for publication, and in order to effect policy enforcement, the Internal Controls Section staff will send all Regional Offices a memorandum instructing them to comply with the revised policy.
- Pending the Executive Team's final approval of the revised policy, Internal Controls Section staff will send, by July 29, 2011, a memorandum to all Regional Offices instructing them to ensure that an employee independent of the EAP issuance process is maintaining/issuing the check stock and EARs, reconciling the check stock and check issuance logs to EARs daily, documenting reconciliations, and periodically inventorying the check stock.

Recommendation 2: Ensure supervisors review and approve the daily reconciliations of the check stock and check issuance logs to EARs.

Response: We agree with this recommendation.

Status: In Progress

The Department revised Procedural Guide C300-201, eCAPS Field Office Warrant and Field Office Check Issuance Procedures to include the requirement that supervisors review and approve the daily reconciliations of the check stock and check issuance logs to EARs. All Regional Offices will be instructed via memorandum to review and disseminate the revised policy to all staff involved in the EAR payment process and to comply with all revisions.

Action Plan:

- On June 24, 2011, an assignment was generated instructing DCFS regional operations to ensure that a supervisor reviews and approves the daily reconciliations of the check stock and check issuance logs to EARs.
- On June 30, 2011, Internal Controls Section staff completed the policy revisions. By July 15, 2011, the revised Procedural Guide C300-201 will be submitted to the Policy Section for review and approval by the Policy Review Committee. The policy will then be submitted to the Executive Team for final approval. Upon Executive Team approval, the revised Procedural Guide will be released for publication, and in order to effect policy enforcement, the Internal Controls Section staff will send all Regional Offices a memorandum instructing them to comply with the revised policy.
- Pending the Executive Team's final approval of the revised policy, Internal Controls Section staff will send, by July 29, 2011, a memorandum to all Regional Offices instructing them to ensure that supervisors review and approve the daily reconciliations of the check stock and check issuance logs with EARs.

Recommendation 3: Ensure safe combinations are changed immediately when an employee who knows the combination leaves County service, a security breach occurs, etc.

Response: We agree with this recommendation.

Status: In Progress

Current County fiscal policy is in place that addresses this issue. The Department will remind all Regional Offices to comply with County Fiscal Manual Section 1.1.4 requirement to change safe combinations when an employee who knows the

combination leaves County service, when a security breach occurs, or when another reason warrants a safe combination change.

Action Plan:

- On June 24, 2011, an assignment was generated instructing DCFS regional operations to identify all safe locations that require a change in combination.
- By July 29, 2011, Internal Controls Section staff will send all Regional Offices a memorandum instructing them to comply with County fiscal policy.

Recommendation 4: Ensure Regional Offices maintain an up-to-date list of authorized check signers approved by management.

Response: We agree with this recommendation.

Status: In Progress

The Department revised Procedural Guide C300-201, eCAPS Field Office Warrant and Field Office Check Issuance Procedures to include the requirement that Regional Offices maintain an up-to-date list of authorized check signers approved by management. All Regional Offices will be instructed, via memorandum, to review and disseminate the revised policy to all staff involved in the EAR payment process and to comply with all revisions.

Action Plan:

- On June 24, 2011, an assignment was generated instructing DCFS regional operations to provide their list(s) of authorized check signers to our Internal Controls Section.
- On June 30, 2011, Internal Controls Section staff completed the policy revisions. By July 15, 2011, the revised Procedural Guide C300-201 will be submitted to the Policy Section for review and approval by the Policy Review Committee. The policy will then be submitted to the Executive Team for final approval. Upon Executive Team approval, the revised Procedural Guide will be released for publication, and in order to effect policy enforcement, the Internal Controls Section staff will send all Regional Offices a memorandum instructing them to comply with the revised policy.
- Pending the Executive Team's final approval of the revised policy, Internal Controls Section staff will send, by July 29, 2011, a memorandum to all Regional Offices instructing them to maintain an up-to-date list of authorized check signers approved by management.

Recommendation 5: Ensure EAPs are only used for emergency clothing and transportation and any ongoing payments are issued through the regular check issuance process using eCAPS.

Response: We agree with this recommendation.

Status: In Progress

The Department revised Procedural Guide C300-201, eCAPS Field Office Warrant and Field Office Check Issuance Procedures and Procedural Guide 900-527.10, Emergency Aid Requisition (EAR), to include the requirement that an ARA must review the check issuance log on a quarterly basis to ensure that EARs are not issued on an ongoing/non-emergent basis. All Regional Offices will be instructed, via memorandum, to review and disseminate the revised policies to all staff involved in the EAR payment process and to comply with all revisions.

Action Plan:

- On June 24, 2011, an assignment was generated instructing regional operations to identify an ARA from each office to conduct quarterly reviews to identify any ongoing/non-emergent payments via EAP.
- On June 30, 2011, Internal Controls Section Staff completed the policy revisions. By July 15, 2011, the revised Procedural Guides C300-201 and 900-527.10 will be submitted to the Policy Section for review and approval by the Policy Review Committee. The policies will then be submitted to the Executive Team for final approval. Upon Executive Team approval, the revised Procedural Guides will be released for publication, and in order to effect policy enforcement, the Internal Controls Section staff will send all Regional Offices a memorandum instructing them to comply with the revised policies.
- Pending the Executive Team's final approval of the revised policies, Internal Controls Section staff will send, by July 29, 2011, a memorandum to all Regional Offices instructing them to ensure EAPs are used only for emergency clothing and transportation and any ongoing payments are issued through the regular issuance process using eCAPS.

Recommendation 6: Develop and implement procedures for using a consistent mileage reimbursement rate and ensure transportation assistance payments are supported by detailed calculations.

Response: We agree with this recommendation.

Status: In Progress

The Department revised Procedural Guide 900-527.10, EAR, to include the requirement that a consistent County Mileage Reimbursement Rate is used to calculate reimbursement and that transportation assistance payments are supported by the detailed calculations which are to be maintained in the services file. All Regional Offices will be instructed, via memorandum, to review and disseminate the revised policy to all staff involved in the EAR payment process and to comply with all revisions.

Action Plan:

- On June 30, 2011, Internal Controls Section staff completed the policy revisions. By July 15, 2011, the revised Procedural Guide 900-577.10 will be submitted to the Policy Section for review and approval by the Policy Review Committee. The policy will then be submitted to the Executive Team for final approval. Upon Executive Team approval, the revised Procedural Guide will be released for publication, and in order to effect policy enforcement, the Internal Controls Section staff will send all Regional Offices a memorandum instructing them to comply with the revised policy.
- Pending the Executive Team's final approval of the revised policy, Internal Controls Section staff will send, by July 29, 2011, a memorandum to all Regional Offices instructing them to use the County Mileage Reimbursement Rate when calculating reimbursement, in addition to maintaining the transportation allowance calculations in the services file.

Recommendation 7: **Ensure staff complete the check issuance logs and record all required information.**

Response: We agree with this recommendation.

Status: In Progress

Current Department fiscal policy is in place that addresses this issue. The Department will remind all Regional Offices, via memorandum, to comply with Department Procedural Guide C300-201, eCAPS Field Office Warrant and Field Office Check Issuance Procedures, and instruct all Regional Offices to ensure all Check Issuance Clerks complete all fields in the standardized EAR Log used for recording all check issuance information.

Action Plan:

- By July 29, 2011, Internal Controls Section staff will send all Regional Offices a memorandum instructing them to comply with Department policy.

Recommendation 8: **Standardize the check issuance log.**

Response: We agree with this recommendation.

Status: In Progress

The Department standardized the EAR Log for recording all check issuance information and will make the standardized EAR form available to all staff via the Department's LA Kids Intranet. In addition, the Department revised Procedural Guide C300-201, eCAPS Field Office Warrant and Field Office Check Issuance Procedures to include the standardized form. All Regional Offices will be instructed, via memorandum, to review and disseminate the revised policy to all staff involved in the EAR payment process and to comply with all revisions.

Action Plan:

- On June 30, 2011, Internal Controls Section staff 1) submitted the standardized EAR Log to Procurement Section for assignment of a form number and posting on the Department's intranet, and 2) completed the policy revisions. By July 15, 2011, the revised Procedural Guide C300-201 will be submitted to the Policy Section for review and approval by the Policy Review Committee. The policy will then be submitted to the Executive Team for final approval. Upon Executive Team approval, the revised Procedural Guide will be released for publication, and in order to effect policy enforcement, the Internal Controls Section staff will send all Regional Offices a memorandum instructing them to comply with the revised policy.
- Pending the Executive Team's final approval of the revised policy, Internal Controls Section staff will send, by July 29, 2011, a memorandum to all Regional Offices instructing them to begin using the standardized EAR Log form immediately.

Recommendation 9: **Require Check Issuance Clerks (CICs) to record all EAP payments in CWS/CMS and review this information prior to processing EAP payment requests to prevent duplicate payments.**

Response: We agree with this recommendation.

Status: In Progress

The Department revised Procedural Guide C300-201, eCAPS Field Office Warrant and Field Office Check Issuance Procedures, to include the requirement that CICs, not only record all EAP payments in CWS/CMS (as currently provided in policy), but also review this information prior to processing EAP payment requests to prevent duplicate payments. All Regional Offices will be instructed, via memorandum, to review and disseminate the revised policy to all staff involved in the EAR payment process and to comply with all revisions.

Action Plan:

- On June 30, 2011, Internal Controls Section staff completed the policy revisions. By July 15, 2011, the revised Procedural Guide C300-201 will be submitted to the Policy Section for review and approval by the Policy Review Committee. The policy will then be submitted to the Executive Team for final approval. Upon Executive Team approval, the revised Procedural Guide will be released for publication, and in order to effect policy enforcement, the Internal Controls Section staff will send all Regional Offices a memorandum instructing them to comply with the revised policy.
- Pending the Executive Team's final approval of the revised policy, Internal Controls Section staff will send, by July 29, 2011, a memorandum to all Regional Offices instructing them to record all EAP payments in CWS/CMS and review this information prior to processing EAP payment requests to prevent duplicate payments.

Recommendation 10: Ensure required forms (e.g., DCFS 63, DCFS 2282, etc.) are completed, approved, and filed in the client payment/benefit file.

Response: We agree with this recommendation.

Status: In Progress

Current Department fiscal policy is in place that addresses this issue. The Department will remind all Regional Offices, via memorandum, to comply with Department Procedural Guide 900-527.10, EAR, and instruct all Regional Offices to ensure CSWs justify, document and maintain details related all EAP requests.

Action Plan:

- By July 29, 2011, Internal Controls Section staff will send all Regional Offices a memorandum instructing them to comply with Department policy.

Recommendation 11: Ensure CSWs obtain copies of receipts for all clothing assistance payments.

Response: We agree with this recommendation.

Status: In Progress

Current Department fiscal policy is in place that addresses this issue. The Department will remind all Regional Offices, via memorandum, to comply with Department Procedural Guide 900-527.10, EAR, and instruct all Regional Offices to ensure CSWs obtain copies of receipts for clothing assistance payments and maintain these in the Services Eligibility folder for audit purposes.

Action Plan:

- By July 29, 2011, Internal Controls Section staff will send all Regional Offices a memorandum instructing them to comply with Department policy.

Recommendation 12: Investigate the missing client benefit/payment files and determine if the clothing assistance payments were appropriate.

Response: We agree with this recommendation.

Status: In Progress

The Department has initiated its investigation and contacted the affected Offices to request the three EARs to determine if the payments were appropriate.

Action Plan:

- On June 6, 2011, Internal Controls Section staff contacted the Regional Office staff for copies of the client/benefit files for evaluation.
- By July 29, 2011, Internal Controls Section staff will determine if the clothing assistance payments were appropriate.

Recommendation 13: DCFS management ensure CSWs return completed EARs and check stubs to CICs within one business day of issuing the checks, or consider revising the policy to allow for additional time.

Response: We agree with this recommendation.

Status: In Progress

The Department conducted an assessment of six (6) Regional Offices to determine if the policy should be revised to allow CSWs additional time to return the DCFS 66-1 to the CIC, and ensure compliance. Results of the assessment indicated a need to extend the time to 3 business days. The Department revised Procedural Guide C300-201, eCAPS Field Office Warrant and Field Office Check Issuance Procedures and Procedural Guide 900-527.10, Emergency Aid Requisition (EAR), to extend to 3 business days, the time required to return the DCFS 66-1. All Regional Offices will be instructed via memorandum to review and disseminate the revised policies to all staff involved in the EAR payment process and to comply with all revisions.

Action Plan:

- On June 30, 2011, Internal Controls Section staff 1) completed an assessment and determined that the policies should be revised appropriately to extend the timeframe to 3 business days in order to increase compliance, and 2) completed the necessary policy revisions. By July 15, 2011, the revised Procedural Guides C300-201 and 900-527.10 will be submitted to the Policy Section for review and approval by the Policy Review Committee. The policies will then be submitted to the

Executive Team for final approval. Upon Executive Team approval, the revised Procedural Guides will be released for publication, and in order to effect policy enforcement, the Internal Controls Section staff will send all Regional Offices a memorandum instructing them to comply with the revised policies.

- Pending the Executive Team's final approval of the revised policies, Internal Controls Section staff will send, by July 29, 2011, a memorandum to all Regional Offices instructing them to return the DCFS 66-1 to the CIC within 3 business days to ensure compliance.